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**Before the**  
**FEDERAL COMMUNICATIONS COMMISSION**  
**Washington, D.C. 20554**

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
International Settlement Rates	)	IB Docket No. 96-261
	)	
Petition of Atlantic Tele-Network, Inc.	)	
For Waiver of the Benchmark Settlement	)	
Rate for Guyana	)	

**COMMENTS**

The Caribbean Association of National Telecommunication Organizations ("CANTO") hereby submits its comments in support of the petition filed on July 6, 2001, by Atlantic Tele-Network, Inc. ("ATN"), for waiver of the Federal Communication Commission's ("FCC's") benchmark settlement rate of 23¢ for service on the U.S.-Guyana route for five years or until the teledensity in Guyana reaches 23, whichever occurs first.<sup>1</sup> GT&T also indicated that it is willing to accept annual proportionate settlement rate reductions during the waiver period.

CANTO is an industry association that was founded to serve the needs of telephone companies operating in the Caribbean. CANTO's 47 members include national operating telecommunication companies, service providers, equipment suppliers and consultants in the Caribbean, South, Central and North America.<sup>2</sup> The mission of CANTO is to provide Caribbean citizens with high-quality telecommunication services to facilitate regional, economic, social and cultural development. To achieve its mission, CANTO seeks to encourage and contribute to the

<sup>1</sup> See FCC Public Notice, DA 01-1714 (rel. July 17, 2001).

<sup>2</sup> CANTO's members operate in the following countries or territories: Anguilla, Antigua/Barbuda, Aruba, Bahamas, Barbados, Belize, Bonaire, Cayman Islands, Cuba, Curaçao, Dominica, Dominican Republic, Grenada, Guadeloupe, Guyana, Haiti, Jamaica, Martinique, Montserrat, Puerto Rico, St. Kitts/Nevis, St. Lucia, St. Maarten, St. Vincent

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constructive dialogue between its members and policy administrators to create the appropriate framework for the telecommunications sector in the Caribbean. To this end, CANTO is well-positioned to comment on ATN's request.

As explained more fully below, CANTO believes that grant of ATN's request will ensure that the significant progress in telecommunications network expansion and infrastructure development in Guyana over the past decade will continue. Grant of the waiver will also demonstrate the FCC's commitment to take measured steps to assist those countries that sufficiently demonstrate an actual commitment to infrastructure development, as CANTO believes that ATN has for Guyana, in joining the information age by ensuring that underserved populations have access to information and communications technologies.<sup>3</sup>

It is quite evident to CANTO that the loss of significant settlement revenues on the U.S.–Guyana route at this critical juncture would undermine the dramatic progress that has been achieved to date and, as a result, be devastating to the citizens of Guyana and U.S. residents that call Guyana. Such action would also undermine the substantial benefits that would be made available to U.S. companies assisting with that network expansion.

**I. THE FCC INDICATED THAT WAIVERS OF THE *BENCHMARKS ORDER* WOULD BE GRANTED WHERE APPROPRIATE.**

The FCC and other carriers have long recognized that, under certain circumstances, a reduction of settlement rates to the benchmark levels could result in undue disruption of foreign carriers' operations, and that implementation of the benchmarks should take into account the

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& the Grenadines, Suriname, Tortola (B.V.I.), Trinidad & Tobago, Turks & Caicos Islands, U.S. Virgin Islands, and the United States.

<sup>3</sup> CANTO notes FCC Chairman Michael Powell's recently statement that, "world leaders are right to focus on the challenge of enhancing access to information and communications technologies and must advance a concerted effort to help developing countries join this information era." Remarks of Michael K. Powell at the Tenth African Telecommunications and Information Technology Conference, July 18, 2001, at 2.

impact on lower income countries of moving to more cost-based settlement rates.<sup>4</sup> Importantly, the FCC noted that “it is in the best interest of U.S. carriers and consumers to avoid undue disruption of foreign carrier’s operations.”<sup>5</sup>

In responding to these findings, the FCC indicated that it may be necessary and appropriate to provide additional flexibility in implementation of the benchmarks beyond the transition period in developing countries that have demonstrated an actual commitment to infrastructure development to make the adjustments necessary to transition to a more cost-based system of settlement rates.<sup>6</sup>

In its petition, ATN made a substantial showing, based on reliable information supported by affidavit, of its past and future commitment to network expansion and infrastructure development in Guyana. Over the past decade, ATN invested \$140 million dollars in infrastructure development, much of it funded through settlement revenues. The results of ATN’s efforts have been dramatic. When ATN acquired the telecommunications system in Guyana, the country’s telecommunications infrastructure was severely underdeveloped. There were only 13,000 functional telephone lines and teledensity was under 2 percent.<sup>7</sup> Because of ATN’s substantial investment, Guyana now has a completely digital network with almost 80,000 operating lines, wireless local loop, remote satellite services, and a fiber optic cable network that connects Guyana to the U.S.<sup>8</sup> As a result of ATN’s involvement and substantial investment,

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<sup>4</sup> *In the Matter of International Settlement Rates*, 12 FCC Rcd 19806, ¶¶ 105-106 (1997) (“*Benchmarks Order*”).

<sup>5</sup> *Id.* at ¶ 166.

<sup>6</sup> *Id.* at ¶ 151.

<sup>7</sup> ATN Petition at 6.

<sup>8</sup> ATN Petition at 5-6.

Guyana was able to record the highest annual average growth in teledensity in Latin America and the Caribbean for much of the last decade.<sup>9</sup>

Notwithstanding ATN's promise, CANTO believes that GT&T's past use of settlement revenues for infrastructure development provides convincing and reliable evidence that GT&T will continue to use settlement revenues, provided that the waiver is granted, to fund the development and expansion of Guyana's telecommunications network infrastructure. Such continued investment is critical to ensuring that the underserved populations in Guyana have access to information and communications technologies.

In view of ATN's demonstrated commitment to infrastructure development and given that Guyana has a very real opportunity to become part of the next period of economic development and prosperity by becoming a more significant player in international trade and commerce, if it can maintain the substantial network expansion and infrastructure development, CANTO strongly urges the FCC to help Guyana join the information era by granting ATN's request.

**II. LOSS OF SIGNIFICANT SETTLEMENT REVENUES AT THIS JUNCTURE IN THE DEVELOPMENT OF GUYANA'S TELECOMMUNICATIONS INFRASTRUCTURE WOULD HAVE A SUBSTANTIAL, ADVERSE IMPACT.**

CANTO believes that because it has been necessary for GT&T to rely on settlement revenues to fund network expansion, the loss of significant settlement revenues at this critical juncture in the development of Guyana's telecommunications network would have a substantial, adverse impact. In CANTO's view, a significant reduction in settlement revenues on the U.S.-Guyana route would result in a reduction of funds available for investment in the telecommunications network, which in turn would result in lower call completion ratios, reduced

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<sup>9</sup> ATN Petition at 6.

quality of service to both U.S. and Guyanese citizens, reduced ability of GT&T to purchase plant, equipment, and other materials from suppliers (who would likely be U.S. companies), and ultimately a significantly less advanced telecommunications infrastructure.

Further, because settlement revenues are used as collateral to obtain access to capital, reduced settlement revenues will have a negative impact on GT&T's ability to obtain the funds necessary to complete infrastructure projects already underway or to initiate new projects. In short, a substantial reduction in settlement revenues will make it substantially more difficult for GT&T to obtain capital for network expansion.

According to ATN's calculations, domestic rates in Guyana would need to be increased by 1,000% to replace the substantial loss in settlement revenues that would occur from the imposition of benchmark rates on the U.S.-Guyana route.<sup>10</sup> Of course, with GNP per capita of just under \$824, it is clear that increasing domestic rates for telephone service in Guyana is not a viable option. The result, therefore, is that revenues lost through application of the benchmark policy will not be recouped elsewhere.

To the extent that continued development and expansion of the telecommunications network in Guyana is viewed as desirable and necessary, as CANTO does, it must be recognized that near-term funding for such investment must come from other sources. In CANTO's view, until teledensity in Guyana reaches a level that is self-sustaining, the only viable near-term source of funding is through settlement revenues that are based on current rates. Given the circumstances Guyana faces as a developing country and ATN's commitment to network expansion and infrastructure development, CANTO views ATN's request for a five year waiver

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<sup>10</sup> ATN Petition, Affidavit of Cornelius B. Prior, Jr. at ¶ 6.

period, or until teledensity in Guyana reaches 23, along with ATN's proposal to accept annual proportionate settlement rate reductions during the waiver period, as quite reasonable.

**III. GRANT OF ATN'S WAIVER REQUEST WOULD ESTABLISH A HIGH STANDARD FOR ANY FUTURE REQUEST AND WOULD SERVE THE PUBLIC INTEREST.**

Grant of ATN's request would establish a reasonable and high standard for future waiver requests. ATN has made a substantial showing, based on reliable information and supported by affidavit, of a consistent pattern of using settlement revenues to fund a major network expansion and infrastructure upgrades. In CANTO's view, ATN has made a credible showing that imposition of the benchmark rates will cause undue disruption of its operations and will adversely effect network expansion and infrastructure development. In light of ATN's substantial showing and the FCC's finding that "it is in the best interest of U.S. carriers and consumers to avoid undue disruption of foreign carrier's operations,"<sup>11</sup> CANTO believes that the FCC should exercise its discretion and grant ATN's request to waive the benchmarks rate for five years or until the teledensity in Guyana reaches 23, whichever occurs first.<sup>12</sup>

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<sup>11</sup> *Benchmarks Order* at ¶ 166.

<sup>12</sup> See FCC Public Notice, DA 01-1714 (rel. July 17, 2001).

**CERTIFICATE OF SERVICE**

I, SELBY WILSON, hereby certify that on September 7, 2001, a copy of the

foregoing Comments was delivered by hand or regular mail to the following individuals:

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